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C O N F I D E N T I A L AMMAN 001487

C O R R E C T E D C O P Y (ADDRESSEE ADDED)

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E.O. 12958: DECL: 05/15/2018  
TAGS: [EAIR](#) [ECON](#) [JO](#)  
SUBJECT: ROYAL FALCON ASPIRES TO SERVE U.S. MARKET

REF: A. 07 AMMAN 4426  
[1](#)B. 07 AMMAN 3286

Classified By: Ambassador David Hale for reasons 1.4(b) and (d).

[1](#)1. (C) Summary: Jordan's cargo and charter carrier Royal Falcon Air Services currently operates from Amman's Marka airport to destinations in Azerbaijan, Europe, and Africa and wants to begin charter passenger service to the U.S. The airline's plan was based on a business plan developed together with security firm Blackwater Worldwide, during a deal which has since been cancelled and did not take all TSA requirements into account. Separately, national flag carrier Royal Jordanian's (RJ) president emphasized that rising fuel prices are impacting all carriers. Nevertheless, RJ's revenues continue to grow. Renovations at Queen Alia International airport have begun as part of the expansion that will be completed in 2010. End Summary.

Royal Falcon: Jordan's Newest Carrier  
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[1](#)2. (U) Transportation Security Administration (TSA) International Industry Representative Craig Lynes met with new carrier Royal Falcon and Jordan's national carrier Royal Jordanian (RJ) during a May 6-9 visit to discuss security requirements for carriers operating to the U.S.

[1](#)3. (SBU) Royal Falcon's (RF) President Ziad Hanandeh explained that RF was founded in 2004 as Jordan International Air Cargo (JIAC), reportedly because King Abdullah wanted Jordan to have an air cargo company. He said the company continues to be 100 percent government-owned, and has earned \$22 million in revenues in the last 2.5 years. Hanandeh claimed that the King further desired a second national Jordanian passenger airline (in addition to Royal Jordanian), and that now both passenger and cargo services will be offered under the Royal Falcon brand. He noted there are currently 60 employees with an additional 30-40 employees expected by the end of the year, including pilots, engineers,

flight attendants, and service counter staff

14. (C) Hanandeh said RF's interest in serving the U.S. passenger market began with a potential deal with the security services company Blackwater Worldwide to transport U.S. government employees, weapons, and equipment from Baghdad to Baltimore via Prague. Because of restrictions on U.S. aircraft travel to Iraq, Blackwater reportedly wanted RF to register an airplane under RF's name in Jordan that Blackwater pilots would fly for Blackwater customers. Hanandeh said that the deal would have been lucrative but he became increasingly nervous with what he viewed as Blackwater's cavalier approach to security requirements. Hanandeh reported he convinced the King to get out of the deal by explaining the potential impact on RF and Jordan's reputation.

15. (SBU) The deal ultimately fell through, and Hanandeh said RF adapted the Blackwater-based business plan and is now planning on offering Amman to Baltimore passenger flights with a technical stop in Shannon, Ireland. Hanandeh expected a passenger mix of business and leisure travelers similar to RJ's U.S. flights, with Iraqi, Syrian, Jordanian, and American passengers coming primarily from Jordan and Iraq. He hoped they would be able to begin providing joint passenger-cargo service on a Boeing 767 as early as June.

16. (SBU) Hanandeh added that RF would continue to operate from Jordan's Marka airport, from which it currently provides twice-weekly service to Azerbaijan, as well as charter flights to Europe and Africa. NOTE: Marka is a joint military-commercial airport in Amman. Queen Alia International Airport (QAIA) is the primary commercial/passenger airport in Jordan. END NOTE. RF Director of Planning and Safety Ruby Sayyed said that RF explored the idea of providing service from QAIA but was told that no additional space was available until after the renovations due for completion in 2010 (ref B). Lynes mentioned that Marka had yet to be visited by TSA, as there is no commercial air service to the U.S. from Marka. Prior to the initiation of service to the U.S., TSA would have to visit this airport, in coordination and cooperation with host government officials. Hanandeh was not aware that Marka had not yet been visited.

17. (SBU) Hanandeh said that RF also has two Ilyushin 76 cargo planes on order for June 2009 delivery that he would like to use for cargo-only flights from Amman to the U.S. He said that the flights would require a technical stop in Shannon for re-fueling. He said that there is a significant market for Amman-U.S. cargo flights as long as there is a significant U.S. presence in Iraq.

18. (SBU) Throughout the conversation, Lynes recommended that Royal Falcon talk to other carriers about their experiences serving the U.S. market and meeting security requirements. Hanandeh repeated multiple times that he fully intends to meet all security and safety requirements and that his team would work on revising its business plan as needed. COMMENT: Despite these reassurances, it was evident that Royal Falcon still has much homework to do before it could begin serving the U.S. market, not only in meeting U.S. TSA requirements in Amman and Shannon, but also in revising its business plan. By too quickly adapting the Blackwater plan, RF does not appear to have taken into account the importance of transit passengers; the small number of Arab-Americans in the Baltimore-area; that RJ already offers direct flights to three American cities (Chicago, New York, and Detroit) and that Delta will soon provide non-stop service to New York; the impact of the Fly America regulations on USG employee carrier choices; or the acceptability of Marka as an origination point. END COMMENT.

Royal Jordanian President Talks Fuel, Security  
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19. (SBU) In separate meetings with the TSA visitor, Royal Jordanian President Samer Majali explained that fuel is now

all airlines' number one expense accounting for 40 percent of costs during a different May 8 meeting. He said this has leveled the playing field between traditional carriers and "low-cost carriers" which have traditionally benefited from lower labor costs, the prior top expense category. In fact, RJ recently announced that its first quarter revenues in 2008 were up 31 percent compared to the same period in 2007 and its losses were down. Majali seemed surprised to hear that Royal Falcon was pursuing service to the U.S., but in previous meetings he was dismissive of Delta Airline's entry as well (ref A). During a corporate meeting with executives, Majali also explained that the Boeing 787s that RJ ordered have been delayed 18 to 32 months beyond the expected 2010 delivery date.

¶10. (SBU) RJ Director of Security Izzedin Abaza said that RJ changed its Amman-Montreal-Detroit flight to alternating direct flights from Amman-Montreal and Amman-Detroit because of TSA regulations which required re-screening in Montreal of all Detroit-bound passengers. Another RJ official, Reyad Shaban, said that he is "99 percent" sure that RJ will revert to the Amman-Montreal-Detroit route after the summer because of costs and the modest numbers (about 40 per flight) of Montreal-bound passengers.

¶11. (SBU) QAIA's airport manager said that renovations are beginning inside QAIA and that the number of gates will be reduced. Abaza said that this construction project has already started to impact RJ's operations. Abaza said that name-checking is the most complicated of the TSA procedures, but that RJ has developed software to ease the task. He said Algerian names were often the most difficult, and that RJ's name-checking was made more complicated by the large number of Lebanese and Syrian passengers on its U.S. flights.

Visit Amman's Classified Website at  
<http://www.state.sgov.gov/p/nea/amman>

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